

## Message Text

CONFIDENTIAL

PAGE 01 STATE 003116  
ORIGIN EB-07

INFO OCT-01 NEA-10 ISO-00 AID-05 SS-15 AGRE-00 CIAE-00  
COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02  
OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05  
STR-04 CEA-01 PA-01 PRS-01 /080 R

DRAFTED BY EB/OF/FFD-STJOHNSON/LW  
APPROVED BY E0/OF/FFD - RMOGDEN  
NEA/EGY-CAKENNEDY  
AID/FFP -LTANNER  
D - RPOATS  
USDA/OGSM -JFKEEFER  
USDA/OGSM - HLKOELLER  
-----070327Z 098856 /71

P 062343Z JAN 77  
FM SECSTATE WASHDC  
TO AMEMBASSY CAIRO PRIORITY

C O N F I D E N T I A L STATE 003116

E.O. 11652: GDS

TAGS: EAGR, EAID, EG

SUBJ: POSSIBLE ADDITIONAL PL 480 TITLE I WHEAT AND  
EGYPT'S UMR FOR WHEAT

REF: A. CAIRO 198, B. CAIRO 121, C. CAIRO 158, D. CAIRO  
17674

1. ADDITIONAL WHEAT: WE ARE CONTINUING OUR EFFORTS TO  
OBTAIN INTERAGENCY APPROVAL FOR ADDITIONAL PL 480 TITLE  
I WHEAT FOR EGYPT. SPECIFICALLY, WE ARE CONSIDERING AN  
ADDITIONAL 500,000 METRIC TONS OF WHEAT, WORTH APPROXIMATELY  
DOLS. 60 MILLION. IF FOR ANY REASON THE EGYPTIANS CANNOT  
EFFECTIVELY USE THIS VOLUME OF ADDITIONAL CONCESSIONAL WHEAT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 003116

IN FY 1977, WE WOULD PROPOSE SUBSTITUTING SOME TOBACCO AND  
VEGETABLE OIL WHILE MAINTAINING THE TOTAL DOLLAR VALUE OF  
THE ADDITIONAL ASSISTANCE PACKAGE AT APPROXIMATELY DOLS.  
60 MILLION SOME AGENCIES ARE, HOWEVER, MAINTAINING THEIR  
OPPOSITION TO SUCH A PROGRAM AND IT APPEARS PROBABLE THAT  
A FINAL DECISION ON THE MATTER CAN ONLY BE TAKEN AT THE  
HIGHEST LEVEL. THIS WILL TAKE A FEW WEEKS AND WE CANNOT

ASSUME THAT THE DECISION WILL NECESSARILY FAVOR OUR POSITION.

2. UMR: ON THE QUESTION OF EGYPT'S WHEAT UMR WE MIGHT DIVIDE THE PROBLEM INTO THREE PARTS: A) THIS YEAR'S UMR; B) FUTURE UMR'S; AND C) THE ROLE THE UNITED STATES

3. THIS YEAR'S UMR: WE HAD AT FIRST ASSUMED THAT EGYPT WOULD REQUIRE A LOWER UMR IN ORDER TO ABSORB ANY SIGNIFICANT FURTHER AMOUNT OF WHEAT FROM US UNDER PL 480 THIS YEAR AND WERE PREPARED TO SUPPORT EGYPT IN ITS ATTEMPT TO OBTAIN A LOWER UMR. AS WE UNDERSTAND THE SITUATION NOW, HOWEVER, SUCH AN EFFORT WOULD NOT APPEAR TO BE USEFUL AND WE WOULD HOPE THAT EGYPT WOULD NOT ATTEMPT IT. IT APPARENTLY HAS ALREADY CONTRACTED FOR MOST OF THE 2.6 MILLION TONS OF WHEAT REQUIRED TO FULFILL THE CURRENT UMR (AS REPORTED IN REF D) WHILE ITS NEED TO IMPORT APPROXIMATELY 4 MILLION TONS WILL ALLOW IT TO ABSORB ALL OR A SIGNIFICANT PART OF THE 500,000 TONS WE HOPE TO BE AUTHORIZED TO PROVIDE. AN ATTEMPT TO LOWER THIS YEAR'S UMR AFTER UMR VIRTUALLY COVERED BY PURCHASES AND COMMITMENTS WOULD LIKELY BE RESISTED BY SUPPLIER NATIONS, PARTICULARLY THE EEC, WHOSE SALES AS REPORTED TO IWC UP TO NOVEMBER 29 ARE ONLY 31 PERCENT OF 1975/76 SALES OF 1,384,467 METRIC TONS WHEAT EQUIVALENT. NEVERTHELESS, IF EGYPT INSISTS ON SEEKING A LOWER UMR FOR THIS YEAR, WE WOULD NOT OBJECT.

4. FUTURE UMRS: ON FUTURE UMRS, WE HAVE GENERALLY TAKEN THE VIEW THAT UMR'S SHOULD BE DETERMINED IN THE REGULAR CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 003116

WAY, I.E., BY AVERAGING COMMERCIAL IMPORTS FROM NON-COMMUNIST SOURCES FOR THE LAST FIVE YEARS. IN THE CASE OF EGYPT, HOWEVER, WE AGREE THAT ITS OVERALL ECONOMIC SITUATION MAKES CONTINUATION OF SUCH A HIGH LEVEL OF COMMERCIAL IMPORTS AN ONEROUS BURDEN WHICH MIGHT APPROPRIATE BE REDUCED. FAO PROCEDURES FOR DETERMINATION OF UMR'S ENVISAGE A NUMBER OF FACTORS WHICH MIGHT CAUSE INTERESTED NATIONS TO AGREE TO A LOWER THAN NORMAL UMR. THEY ARE: INTER ALIA : I) A SUBSTANTIAL CHANGE IN PRODUCTION IN RELATION TO CONSUMPTION OF THE COMMODITY CONCERNED IN THE RECIPIENT COUNTRY; AND II) A SUBSTANTIAL CHANGE IN THE BALANCE-OF-PAYMENTS POSITION OR GENERAL ECONOMIC SITUATION OF THE RECIPIENT COUNTRY. EGYPT'S REQUEST FOR A LOWER UMR NEXT YEAR MIGHT USEFULLY MAKE REFERENCE TO THESE PRINCIPLES. WE ARE, OF COURSE, PREPARED TO GIVE THAT REQUEST OUR SYMPATHETIC CONSIDERATION AND BELIEVE OTHER DONORS WOULD BE LIKELY TO DO SO ALSO.

5. UMRS ARE DETERMINED BY SUPPLIER AND RECIPIENT COUNTRIES

BILATERALLY DURING NEGOTIATIONS FOR CONCESSIONAL AGREEMENTS. SUPPLIER COUNTRY NORMALLY CONSULTS OTHER INTERESTED SUPPLIERS PRIOR TO THESE NEGOTIATIONS. AFTER BILATERAL AGREEMENT IS REACHED DETAILS ARE REPORTED TO THE CSD. IN MAY OR JUNE WHEN EGYPT NORMALLY NEGOTIATES WITH THE EEC AND POSSIBLY OTHER WHEAT DONORS REGARDING NEW CONCESSIONAL ASSISTANCE AND, OF COURSE, A NEW UMR, IT SHOULD THEN MAKE A STRONG CASE FOR A LOWER THAN NORMAL UMR, WHICH EVER NATION WAS INVOLVED WOULD, FOLLOWING CSD PROCEDURES, CONSULT WITH US AND WE WOULD ENDORSE EGYPT'S REQUEST IF IT WERE REASONABLE AND IN ACCORD WITH OUR ASSESSMENT OF EGYPT'S REQUIREMENTS AT THAT TIME.

6. AS IMPLIED ABOVE, WE BELIEVE OUR POSTURE TOWARD EGYPT'S OBTAINING A LOWER UMR SHOULD BE TO DISCOURAGE PRIVATELY ANY EGYPTIAN INITIATIVE THIS YEAR WHILE PROVIDING DISCREET AND BEHIND THE SCENES SUPPORT FOR NEXT YEAR, SUCH AS YOUR CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 003116

ASSISTANCE TO THE GOE IN PREPARING ITS CASE. WE SHOULD AVOID TAKING A LEADERSHIP ROLE WHICH WOULD POSSIBLY CAUSE OTHER SUPPLIERS TO QUESTION OUR MOTIVES. WE BELIEVE EGYPT'S CHANCES OF OBTAINING A SUBSTANTIALLY LOWERED UMR WOULD BE BETTER IF IT IS PERCEIVED AS AN EGYPTIAN RATHER THAN AN AMERICAN INITIATIVE. WE WOULD, OF COURSE, SUPPORT THIS EGYPTIAN INITIATIVE IN THE CONSULTATION PROCESS. THE COMMITTEE ON SURPLUS DISPOSAL NORMALLY MEETS ONCE A MONTH TO REVIEW FOOD AID ASSISTANCE PROGRAMS AND TO ENSURE THAT COMMERCIAL TRADE IS NOT BEING ADVERSELY AFFECTED.

7. IN LIGHT OF THE ABOVE, WE BELIEVE THAT THE AGRICULTURAL ATTACHE'S PROPOSED VISITS TO WASHINGTON, BRUSSELS, AND LONDON WOULD NOT SERVE A USEFUL PURPOSE. (FAS/W CONSIDERS CONSULTATIONS ON POST OPERATIONS MORE APPROPRIATE FOR A LATER DATE). OTHER SUPPLIER NATIONS, ESPECIALLY THE EEC, WILL BE SUSPICIOUS THAT ANY EFFORT TO OBTAIN A LOWER WHEAT UMR FOR EGYPT IS AN ATTEMPT ON OUR PART TO TRANSFORM THEIR COMMERCIAL SALES INTO OUR CONCESSIONAL SALES. THUS WE SHOULD AVOID EVEN THIS APPEARANCE OF TAKING THE INITIATIVE.

8. ACTION REQUESTED; UNTIL THE ISSUE OF ADDITIONAL PL 480 PROGRAM FOR EGYPT RESOLVED WITHIN USG, WE PREFER THAT YOU MAINTAIN COMPLETE DISCRETION IN ANY FURTHER TALKS WITH THE GOE ON SUBJECT. IN VIEW OF THE SIZE OF THE COMMERCIAL PURCHASES WHICH MIGHT BE PREEMPTED, YOU SHOULD DISCREETLY TRY TO STEER EGYPTIANS AWAY FROM SEEKING LOWER UMR THIS YEAR AND RAISING ISSUE IN CSD. IF THIS PROVES IMPRACTICAL, PLEASE MAINTAIN LOW PROFILE AND LET INITIA-

TIVE COME PRIMARILY FROM EGYPTIANS. BELIEVE INITIATIVE  
AND CONTACTS WHICH EMBASSY ALREADY HAS MADE ON ISSUE  
COULD USEFULLY BE DIRECTED TOWARD LOW KEY SUPPORT FOR  
EGYPTIAN EFFORTS TO OBTAIN LOWER UMR NEXT YEAR WHEN  
NEW UMR'S ARE CONSIDERED.

CONFIDENTIAL

CONFIDENTIAL

PAGE 05 STATE 003116

KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** WHEAT, FOOD ASSISTANCE, PL 480 TITLE 1  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 06-Jan-1977 12:00:00 am  
**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE003116  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** STJOHNSON/LW  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770006-0766  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t19770174/aaaacmnr.tel  
**Line Count:** 182  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:** Hold (001 Tobacco) added on 4/16/2009 3:39:10 PM by WASHDCMcGoldRJ, Hold (001 Tobacco) removed on 4/16/2009 3:45:09 PM by WASHDCMcGoldRJ (Litigation Hold Lifted)  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** f964b8dc-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 77 CAIRO 198, 77 CAIRO 121, 77 CAIRO 158, 77 CAIRO 7  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 03-Dec-2004 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3649413  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** POSSIBLE ADDITIONAL PL 480 TITLE I WHEAT AND EGYPT'S UMR FOR WHEAT  
**TAGS:** EAGR, EAID, EG  
**To:** CAIRO  
**Type:** TE  
**vdkgvkey:** odbc://SAS/SAS.dbo.SAS\_Docs/f964b8dc-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009